



QUALCOMM Incorporated

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November 27, 2002

Irene Stillings
Executive Director
San Diego Regional Energy Office (SDREO)
8520 Tech Way, Suite 110
San Diego, California 92123

Subject: San Diego Regional Energy Office Infrastructure Study Comments

Dear Ms. Stillings,

The comprehensive SDREO energy infrastructure study strategy is timely and fully appropriate to begin identifying and then acting upon the core energy issues facing the region. As the Regional Energy Policy Advisory Council (REPAC) representative for large business stakeholders I have completed several outreach activities to large businesses since the study was released for public comment. The below comments include the important issues of those business stakeholders:

The energy plan must provide for plentiful, reliable and affordable energy to maintain existing services and to grow new business opportunities. Affordable energy is also critical to maintaining an acceptable personal cost of living in order to recruit and retain employees.

The important short-term issue is to take action now to meet the future energy demand the study projects will exceed supply by 2006. The increased energy supply must be affordable and may best be obtained by increasing transmission capacity coming into and within the region as well as repowering of existing plants and import of clean power from Baja California.

Large businesses also support a unified advocacy voice to assure that our region's needs are always presented to regulatory and legislative decision makers with clarity and urgency. This advocacy organization should represent all of the regional stakeholders including Imperial Valley and Baja California Norte. Existing entities such as SDREO, SANDAG, or the San Diego County Water Authority may be better suited to provide this advocacy than a new Joint Powers Authority. The creation of another public regulatory body in the energy domain may not benefit large businesses.

Given the control and rapidly changing direction from policy makers in Sacramento and San Francisco there may be few positive outcomes from the substantial regional effort it will take to form a JPA. For example, the DWR is returning power procurement responsibility back to the local utilities. This unanticipated and sudden change makes some of the observations in the Study less critical in planning for our future energy needs.

The study is mostly silent on the subject of direct access. Large businesses that embraced direct access have benefited greatly from the competitive environment created by a less regulated market. Reinstatement of direct access is a necessary and important component of a regional energy policy that values the continuing presence and growth of the business community.

Another important component for long-term beneficial energy growth will be to support regional industries focused on diversified energy products; this will help encourage favorable market conditions for the cost effective and wide scale adoption of renewable, distributed and energy efficient technologies.

Large businesses must also play a proactive role in creating energy awareness within their business processes, their employee base and the regional community through educational outreach at work, at home and within the schools and universities.

QUALCOMM is looking forward to continuing its participation with the SDREO in providing leadership to meet regional energy requirements for large businesses.

Sincerely,

QUALCOMM Incorporated

A handwritten signature in black ink, appearing to read "James C. Callaghan Jr.", with a stylized flourish at the end.

James C. Callaghan Jr.
Vice President, Real Estate and Facilities